

P-3008/CI-93-549; P-3008/CI-94-403 ORDER ACCEPTING REPORT AND APPROVING
BUDGET

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Marshall Johnson
Cynthia A. Kitlinski
Dee Knaak

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Budget Proposed by the
Board for Telecommunications Access for
Communication-Impaired Persons Program and
the Board's Request for an Increase in the
Surcharge

ISSUE DATE: June 7, 1994

DOCKET NO. P-3008/CI-93-549

In the Matter of the Fiscal Year 1995 Budget
Proposed by the Telecommunications Access
for Communication-Impaired Persons Board

DOCKET NO. P-3008/CI-94-403

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PROCEDURAL HISTORY

On April 1, 1994, the TACIP¹ Board filed its fiscal year 1995 (FY 95) budget. The Board revised the budget on April 5, 1994, and supplemented it on May 2, 1994.

On April 5, 1994, the TACIP Board filed its quarterly report.

Both the proposed budget and the quarterly report came before the Commission for consideration on May 24, 1994.

FINDINGS AND CONCLUSIONS

I. The Quarterly Report

On February 26, 1993, the Commission issued an Order requiring the TACIP Board to implement a billing and collecting system for intrastate and incoming interstate calls placed through its state-wide message relay service. The Order also required the Board to file quarterly reports on its progress in complying with that directive.

¹ Telecommunications Access for Communication-Impaired Persons

In its April 5, 1994, quarterly report, the Board stated that the process of billing for relay service long distance calls has begun. The Board contracted with Minnesota Equal Access Network Services (MEANS) to facilitate billing and collecting. TACIP began collecting call data in March, 1994, and conveying it to MEANS, which processes the data and conveys it to the appropriate local exchange companies. In May or June, customers will receive the first charges for relay service in their regular bills received from their local exchange companies. The Board will bill at rates similar to AT&T's, with a discount for TDD users.

The quarterly report also included projected revenues and explanations of new equipment and staff.

The Commission finds that the Board's quarterly report meets the requirements set by previous Commission Orders. The report provides sufficient information for the Commission to monitor the implementation of the new billing system. Because the system is still starting up, the Commission will continue to require the Board to file quarterly reports.

Finally, the Commission commends the efforts of the TACIP Board to implement a telecommunications relay billing system. Although the process has been a lengthy and difficult one, the result will be an equitable means of billing for telecommunications services received.

II. The Proposed Budget

A. Introduction

Minn. Stat. § 237.52, subd. 2 requires the TACIP Board to submit an annual budget to the Commission. The Commission is directed to review the annual budget for reasonableness.

The Board's FY 95 budget shows an increase of \$243,000, or 4.81%, over FY 94. The total FY 95 budget is \$5.29 million.

The Board's proposed budget will not require any change in the current surcharge of \$0.17 per access line.

The Commission has carefully reviewed the Board's proposed budget and has found that it is reasonable. The data provided by the Board is thorough and complete. The line item comparison with FY 94, along with the percentage change provided for each line item, forms a useful picture of the Board's financial health. The proposed budget seems adequate and reasonable to enable the Board to fulfill its varied functions.

The Commission approves the budget as a whole, leaving discretion to the Board to change funds from one line item to another as necessary.

The Commission notes that approval of the estimated long distance revenue in the TACIP budget does not constitute approval of the long distance rates the Board will charge. The Commission will examine the long distance rates in a future separate proceeding.

In the next sections of this Order the Commission will discuss several budget items of particular importance.

B. The Projected Deficit

The FY 95 budget shows a projected deficit of \$45,000.

Although the projected deficit is a small percentage of the Board's budget, any deficit is a concern to the Commission. The TACIP Board administrator explained, however, that the budget deficit may be reduced when final contract negotiations with the telecommunications relay service contractor have taken place. Further, the Board expressed an intention to cover a deficit with funds earmarked for backup relay (see discussion below) if necessary.

The Commission finds that the projected deficit does not render the overall budget unreasonable. The Commission urges the Board to adjust, and if necessary limit, expenses where possible to meet the projected deficit.

C. Backup Relay

The Board is considering developing a backup relay to provide greater reliability in its telecommunications relay service. The Board is examining two options: a contract with another provider to serve as a backup, or development of another facility in Minnesota. The Board has budgeted \$230,000 for development of the backup relay.

The Commission supports the Board's efforts to bring greater reliability in the relay service. The Commission notes, however, that no telephone service, including conventional basic service, provides 100% reliability. Striving for 100% reliability would be technologically unfeasible and would at some point reach a level of diminishing return. The Commission and the legislature have recognized this fact and have not required 100% reliability in telephone service by statute, rule, or Order.

The Commission encourages the Board's work to bring first-rate, high-quality service to communication-impaired persons. At the same time, the Board must continue to carefully weigh the costs against the benefits when considering such additions as backup relay service.

D. Automatic Number Identification

Automatic Number Identification (ANI) is a system by which the calling party's telephone number is automatically collected when a long distance call is placed. Without ANI, the communications assistant at a relay service must verbally request the calling party's telephone number. ANI can shorten connection time and reduce the opportunity for toll fraud.

The TACIP Board stated that it is considering a future purchase of an ANI system for its long distance billing. Such a purchase would require a surcharge increase of 2 to 3 cents.

While no surcharge increase is currently requested, the Commission wishes to note that the Board must fully document any future request for a surcharge increase to implement ANI. The Commission would expect the Board to carefully monitor and document the level of fraud under the current system of number identification. The Commission would also expect the Board to provide documentation of projected connect time reductions with the ANI system. This

evidence would be considered by the Commission in its determination on a request for surcharge increase.

E. Communication Assistants

Communication Assistants (CAs) are specially trained operators who work with the telecommunications relay service. CAs make possible the transmission of telephone messages between conventional telephone users and communication-impaired persons using special telephone equipment.

In its FY 95 budget data the Board stated that CAs currently spend approximately 52% of their time relaying calls. Additional CA time is spent on such matters as training and meeting with supervisors. For approximately 25% of their work hours, CAs are not engaged in pursuits either directly or indirectly related to the relay.

The Board explained that a certain amount of CA downtime is necessary in order to ensure that extra capacity is available during peak call periods.

The Commission agrees with the Board that some degree of CA downtime will sometimes be necessary in order to accommodate peak usage. The Commission notes, however, that FY 95 budget data reveal no increase in CA efficiency over FY 94. The Commission also notes that calls per hour per CA are less than 1.0 during the late night hours, indicating a problem with periodic overstaffing.

The Commission will require the Board to make every effort to improve CA efficiency and to lower CA employee costs. In order to monitor the Board's progress in this area, the Commission will require the Board to file quarterly reports containing the following CA efficiency data:

1. On an average hourly basis over the course of each quarter, the average number of CAs on duty during each hour of the day. If the Board's experience indicates that it makes sense to separate weekdays from weekends, the data should be so divided;
2. The average number of minutes of incoming calls and the average number of minutes of outgoing calls for each hour of the day;
3. The average number of minutes that are used each hour of the day for call set-up, connection, and wrap-up;
4. If the Board is not technically able to measure minutes of use for incoming and outgoing calls, it must calculate the average length of incoming and outgoing relayed calls, including call set-up, connection, and wrap-up time;
5. The Board's calculation of the average number of minutes during each hour of the day the "average CA" is actually relaying calls or involved in call set-up, connection, and wrap-up;
6. The Board's work papers and calculations of the above data;
7. A narrative explanation of TRS management activities undertaken at the relay service to increase the number of minutes per hour that are spent each hour relaying calls (CA efficiency);
8. The Board must submit a staffing plan to meet service needs while improving CA efficiency and lowering employee costs.

ORDER

1. The Commission accepts the TACIP Board's April 5, 1994, quarterly report and closes Docket No. P-3008/CI-93-549. The Board shall continue to file quarterly reports under Docket No. P-3008/CI-94-403.
2. The Commission approves the TACIP Board's proposed FY 95 budget.
3. In each of its quarterly reports through June 30, 1995, the Board shall include the CA efficiency data specified in Part II (E) of this Order.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)